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**中國民航信息網絡股份有限公司**  
**TravelSky Technology Limited**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 00696)**

**ANNOUNCEMENT**  
**PROPOSED ADOPTION OF PHASE III H SHARE APPRECIATION**  
**RIGHTS SCHEME AND THE INITIAL GRANT PROPOSAL**

This announcement is made by the Company pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Listing Rules.

References are made to the circular of the Company dated 2 December 2019 and the announcements of the Company dated 16 January 2020 and 2 December 2021, respectively, in relation to (among others) the Phase II Share Appreciation Rights Scheme. According to the latest requirements of the relevant laws and regulations in the PRC and taking the actual situation of the Company into consideration, on 28 December 2023, the Board considered and approved the adoption of the Scheme and the Initial Grant Proposal for certain Directors, senior management and employees of the Company. The Scheme will be submitted to the SASAC of the State Council and the Shareholders at the EGM for approval and the Initial Grant Proposal will be submitted to the SASAC of the State Council for approval. The Company may modify the terms of the Scheme and the Initial Grant Proposal as required by the SASAC of the State Council. The Initial Grant Proposal will be subject to the approval of the Scheme at the EGM and by the SASAC of the State Council, and the approval of the Initial Grant Proposal by the SASAC of the State Council.

Since the Scheme and the Initial Grant Proposal would not involve the grant of new shares or options over new shares and are not funded by existing shares in the Company or any of its Principal Subsidiaries, the Scheme and the Initial Grant Proposal are not subject to Chapter 17 of the Listing Rules.

**The Board hereby emphasized that the implementation of the Scheme is subject to the approval from the SASAC of the State Council and the EGM. The Initial Grant Proposal will be conditional upon approval by the SASAC of the State Council and the Scheme taking effect and subject to the fulfillment of the conditions for initial grant. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.**

## **BACKGROUND**

This announcement is made by the Company pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Listing Rules.

References are made to the circular of the Company dated 2 December 2019 and the announcements of the Company dated 16 January 2020 and 2 December 2021, respectively, in relation to (among others) the Phase II Share Appreciation Rights Scheme. According to the latest requirements of the relevant laws and regulations in the PRC and taking the actual situation of the Company into consideration, on 28 December 2023, the Board considered and approved the adoption of the Scheme and the Initial Grant Proposal for certain Directors, senior management and employees of the Company. The Scheme will be submitted to the SASAC of the State Council and the Shareholders at the EGM for approval, and the Initial Grant Proposal will be submitted to the SASAC of the State Council for approval. The Company may modify the terms of the Scheme and the Initial Grant Proposal as required by the SASAC of the State Council. The Initial Grant Proposal will be subject to the approval of the Scheme at the EGM and by the SASAC of the State Council, and the approval of the Initial Grant Proposal by the SASAC of the State Council.

Further details of the EGM for the purpose of considering and approving the Scheme by the Shareholders together with a circular setting out further details of the Scheme will be despatched to the Shareholders as soon as practicable.

## **MAIN CONTENTS OF THE SCHEME**

A summary of the major terms of the Scheme is set out below. However, the terms of the Scheme may be further amended if requested by the SASAC of the State Council.

Incentive Instruments: Share Appreciation Rights are used as the incentive instruments for the Scheme. Each Share Appreciation Right granted under the Scheme entitles the Incentive Recipients to obtain the gains from the appreciation (which is the excess of the closing price over the exercise price on the exercise date) of one H Share during the effective period of the Scheme, provided that conditions and arrangements for taking effect are met. The gains will be paid by the Company in cash.

Effective Conditions of the Scheme: The Scheme is conditional on the fulfillment of the following conditions:

- (1) the Scheme being granted approval by relevant regulatory authorities; and
- (2) being approved at the EGM.

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| Effective Date and Effective Period of the Scheme:        | The effective date of the Scheme shall be the date on which all the above conditions are fulfilled. Unless it is early terminated according to relevant rules, the Scheme shall be valid for a period of ten (10) years commencing from the effective date.  |
| Frequency of Grant:                                       | Unless otherwise arranged by the Board, the Board shall, at an interval of every two years in principle, decide on whether to grant Share Appreciation Rights to qualified persons, and also on the specific arrangements for grant.   |
| Incentive Recipients:                                     | Include the Directors, senior management of the Company and the key personnel having direct impacts on the operating results and sustainable development of the Company, excluding non-executive Directors, independent non-executive Directors and supervisors of the Company, heads of the enterprises administrated by the central government and party committee of the SASAC of the State Council, any shareholder or de-facto controller which holds 5% or more of the shares of the Company individually or jointly and their spouses or parents or children, and those who are prohibited from participating in the share incentive schemes of listed companies according to relevant regulations of the SASAC and securities regulation authorities. The scope of the Incentive Recipients shall be conclusively determined by the Board.   |
| Maximum Limit of Share Appreciation Rights to be Granted: | <ol style="list-style-type: none"> <li>(1) The total number of Share Appreciation Rights to be granted within the effective period of the Scheme shall not in aggregate exceed 10% of the total issued share capital of the Company, subject to the approval of the regulatory authorities;</li> <li>(2) The number of Share Appreciation Rights (including exercised and unexercised rights) granted to any one Incentive Recipient within the effective period of the Scheme shall not exceed 1% of the total issued share capital of the Company; and</li> <li>(3) The value of Share Appreciation Rights granted to Directors and senior management of the Company should be no more than 40% of their total remuneration at the time of the grant; the value of Share Appreciation Rights granted to other Incentive Recipients should generally be no more than 40% of the average remuneration at the time of the grant for the incentive tier to which they belong.</li> </ol> |

Effective Period Arrangement  
for Share Appreciation  
Rights:

All Share Appreciation Rights granted to the Incentive Recipients under the Scheme shall not be effective within two years from the date of grant, nor shall be exercised prior to becoming effective. In principle, the Share Appreciation Rights shall become effective in the following manner:

- (1) By the end of the second anniversary (24 months) from the date of grant, 33.33% of the Share Appreciation Rights being granted to each Incentive Recipient under such grant shall become effective;
- (2) By the end of the third anniversary (36 months) from the date of grant, another 33.33% of the Share Appreciation Rights being granted to each Incentive Recipient under such grant shall become effective; and
- (3) By the end of the fourth anniversary (48 months) from the date of grant, the remaining 33.34% of the Share Appreciation Rights being granted to each Incentive Recipient under such grant shall become effective.

Only the Share Appreciation Rights which have become effective may be exercised. The portion which has not become effective shall not be exercised.

In addition to the effective period arrangements described above, the Board will seek the approval from the Shareholders at the EGM to authorize the Board to set particular performance indicators and targets based on the specific situation of the business of the Company, and use the same as additional vesting conditions for the Share Appreciation Rights to become effective, and adjust the number of Share Appreciation Rights to become effective with reference to the satisfaction of performance-related criteria.

Effective Conditions for the  
Share Appreciation Rights:

For the H Share Appreciation Rights granted to the Incentive Recipients to become effective, all the following conditions shall be satisfied:

None of the following circumstances has occurred to the Company:

- (1) a certified public accountant issues an audit report containing an adverse opinion or a disclaimer of opinion on financial and accounting report of the Company for the latest accounting year;
- (2) being imposed of any administrative penalty by any regulatory authority due to material non-compliance with laws and regulations within the latest year; and
- (3) occurrence of any other circumstance which, in the opinion of the securities regulatory authorities, would render the implementation of the Scheme infeasible.

None of the following circumstances has occurred to the Incentive Recipients:

- (1) occurrence of any circumstance under which any Incentive Recipient shall not be qualified as an Incentive Recipient as required by securities regulatory authorities; and
- (2) being imposed of any administrative penalty or subjected to disciplinary sanctions by any regulatory authority due to material non-compliance with laws and regulations within latest three years.

Apart from the above conditions, when the Share Appreciation Rights under the Scheme are subject to vesting by batch, performance-based conditions (including performance indicators of the Company and performance appraisal for the Incentive Recipients) shall be set for each batch of Share Appreciation Rights. Specific conditions shall be made by the Board, and the Share Appreciation Rights can be exercised only when all performance indications meet the target value set therefor.

Effective Period for Exercise of Share Appreciation Rights: The period from the date of each grant to the last trading day of the 7th year (being 84th month) is the effective period for the Share Appreciation Rights under each grant. Upon the expiration of the effective period for exercise, the unexercised Share Appreciation Rights will be lapsed.

Exercise Price: The exercise price of the Share Appreciation Rights shall be determined with reference to the Fair Market Price Principle. The exercise price shall be the highest of the following:

- (1) The closing price of the H Shares of the Company on the Stock Exchange as at the date of grant;
- (2) The average closing price of the H Shares of the Company on the Stock Exchange for five consecutive trading days prior to the date of grant; and
- (3) The par value of the H Shares of the Company.

Effective Date of Grant: As determined by the Board and informed to the Incentive Recipients.

The Board shall not grant Share Appreciation Rights to the employees prior to the occurrence of a possible stock price sensitive event or as a result of a resolution that may give rise to price sensitivity, and employees granted with Share Appreciation Rights shall not exercise their rights under such circumstances until such stock price sensitive information has been published or disclosure has been completed in accordance with the requirements of the Listing Rules.

The Company shall not grant Share Appreciation Rights during the following periods:

- (1) the period from the date of the meeting of the Board for the adoption of the company's annual, half-yearly, quarterly (if any) or any other interim results (i.e. the date of the first notification to the Stock Exchange in accordance with the Listing Rules) to the date of the results announcement;
- (2) the period from the deadline for the Company to announce any of its annual or half-yearly results, or quarterly (if any) or any other interim results announcement in accordance with the Listing Rules to the date of the results announcement;

- (3) the period commencing 60 days before the date immediately preceding the date of the annual results announcement and ending on the date of the annual results announcement; and
- (4) The period commencing 30 days immediately before the date of announcement of quarterly results (if any) and half-yearly results and ending on the date of the results announcement.

The restrictions end on the date of the Company's results announcement. The period for which the grants are restricted will include any period during which the Company delays the publication of results or price sensitive information.

## **MAIN CONTENTS OF THE INITIAL GRANT PROPOSAL**

The Incentive Recipients under the Initial Grant Proposal include the Directors, senior management of the Company and the key personnel having direct impacts on the operating results and sustainable development of the Company. It is expected that, upon satisfaction of conditions for initial grant, the Board will propose to grant approximately 55.4654 million Share Appreciation Rights to approximately 567 Incentive Recipients in total, and the corresponding number of H Shares would amount to approximately 1.9% of the total issued share capital of the Company as at the date of this announcement. According to the Initial Grant Proposal, the number of Share Appreciation Rights per capita to be granted to the Incentive Recipients will be divided into five (5) levels. If the relevant conditions are satisfied, the Share Appreciation Rights under the initial grant shall take effect by the end of the second anniversary (24 months), the third anniversary (36 months) and the fourth anniversary (48 months) from the date of grant in three instalments, respectively.

The Initial Grant Proposal shall take effect upon the Scheme being approved by the SASAC of the State Council and the EGM, and it is also subject to the approval from the SASAC of the State Council. Upon the grant of Share Appreciation Rights to the Incentive Recipients according to the Initial Grant Proposal, the Company will perform its obligation to disclose relevant information (if necessary) in due course in accordance with applicable Listing Rules.

When the Share Appreciation Rights under the initial grant become effective, the Company will set performance criteria for Share Appreciation Rights under each grant to become effective in accordance with the applicable regulatory requirements (including the performance assessment target of the Company and performance assessment requirements for the Incentive Recipients), and the Incentive Recipients shall exercise the rights upon satisfaction of the corresponding performance criteria.

## **REASONS FOR THE ADOPTION OF THE SCHEME**

The Board is of the opinion that the Scheme can further refine the corporate governance structure and long-term incentive mechanism of the Company, better motivate the management team and core technical talents, effectively achieve the medium and long-term strategic goal of the Company, establish a long-term incentive mechanism closely linked to the operating performance and long-term strategies of the Company, and optimize the overall remuneration structure and system of the Company. The Company and the Remuneration Committee consider that the proposed terms and conditions of the Scheme are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **GENERAL INFORMATION**

According to the Scheme, each Share Appreciation Rights is relevant to one H Share and will be settled by cash. Therefore, it will not affect the total number of issued H Shares of the Company, neither will have diluted influence on the Company's shares.

Since the Scheme and the Initial Grant Proposal would not involve the grant of new shares or options over new shares and are not funded by existing shares in the Company or any of its Principal Subsidiaries, the Scheme and the Initial Grant Proposal are not subject to Chapter 17 of the Listing Rules.

The Incentive Recipients do not actually hold shares, nor do they have any right as that of the Shareholders, such as voting rights or placing rights. The Incentive Recipients shall not deal with the Share Appreciation Rights granted under the Initial Grant Proposal without permissions (including but not limited to transfer, disposal, exchange, pledge, charge and repaying debts). The Incentive Recipients shall avoid actions that threaten the interests of the Company from occurring, including material misconduct and material decision mistake leading to great loss of interest of the Company and occurrence of actions violating the above limitations and rules of disposal of appreciation rights. Responsible person will lose parts of or the whole Share Appreciation Rights and relevant gains when the above actions occur, during which the Company has rights to reclaim the gains for the exercised Share Appreciation Rights.

The Board hereby emphasized that the implementation of the Scheme is subject to the approval from the SASAC of the State Council and the EGM. The Initial Grant Proposal will be conditional upon approval by the SASAC of the State Council and the Scheme taking effect and subject to the fulfillment of the conditions for initial grant. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

## DEFINITIONS

In this announcement, the following expressions shall have the meaning set out below unless the context requires otherwise:

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| “Board”                                     | the board of Directors  |
| “Company”                                   | TravelSky Technology Limited, a company incorporated under the laws of the PRC whose H shares are listed on the Main Board of the Stock Exchange and whose American depositary shares are traded on the over-the-counter market in the United States of America   |
| “Director(s)”                               | the director(s) of the Company  |
| “EGM”                                       | the extraordinary general meeting of the Company to be convened for the purposes of, among other things, seeking the Shareholders’ approval for the Scheme referred to in this announcement, and a circular setting out further details of the Scheme will be despatched to the Shareholders as soon as practicable                           |
| “Fair Market Price”                         | the closing price of H Shares on the Stock Exchange on relevant trading day, unless otherwise defined by the Scheme   |
| “Group”                                     | the Company and its subsidiaries  |
| “H Share(s)”                                | overseas listed foreign invested share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Stock Exchange and traded in Hong Kong dollars (Stock Code: 00696)   |
| “Incentive Recipients”                      | the Directors, senior management of the Company and the key personnel having direct impacts on the operating results and sustainable development of the Company who will be proposed to be granted the Share Appreciation Rights  |
| “Listing Rules”                             | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended supplemented or otherwise modified from time to time   |
| “Phase II Share Appreciation Rights Scheme” | the H share appreciation rights scheme approved by the Company at the annual general meeting held on 16 January 2020, which was terminated on 2 December 2021, and for details please refer to the circular of the Company dated 2 December 2019 and the announcements of the Company dated 16 January 2020 and 2 December 2021, respectively |

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| “PRC”                        | the People’s Republic of China and, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan   |
| “Principal Subsidiaries”     | has the meaning ascribed to it in Rule 17.14 of the Listing Rules  |
| “Remuneration Committee”     | the remuneration and evaluation committee of the Board   |
| “RMB”                        | Renminbi, the lawful currency of the PRC   |
| “SASAC of the State Council” | the State-owned Assets Supervision and Administration Commission of the State Council of the PRC   |
| “Scheme”                     | the Phase III H Share appreciation rights scheme to be adopted by the Company for certain Directors, senior management and employees of the Company  |
| “Share Appreciation Rights”  | the share appreciation rights granted under the Scheme, which entitle Incentive Recipients to receive gains from the appreciation (which is the excess of the closing price over the exercise price on the exercise date) of stipulated number of H Shares of the Company during the effective period of the Scheme, provided that conditions and arrangements for taking effect are satisfied |
| “Shareholder(s)”             | the shareholder(s) of the Company  |
| “Stock Exchange”             | The Stock Exchange of Hong Kong Limited  |

By order of the Board  
**TravelSky Technology Limited**  
**Huang Rongshun**  
*Chairman*

Beijing, the People’s Republic of China  
28 December 2023

*As at the date of this announcement, the Board comprises:*

*Executive Director:* **Mr. Huang Rongshun (Chairman);**

*Non-executive Directors:* **Mr. Zhao Xiaohang, Mr. Xi Sheng and Mr. Luo Laijun;**

*Independent non-executive Directors:* **Mr. Liu Zehong, Mr. Chan Wing Tak Kevin and Mr. Xu Hongzhi.**